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January 21, 2013

Anita J. Decker, Acting Administrator
Western Area Power Administration
PO Box 281213
Lakewood, CO 80228-8213

RE: Comments in Response to November 20, 2012, Federal Register Notice
Emailed: JOT@wapa.gov

Dear Administrator Decker:

Please accept this letter as the comments of Northern Electric Power Cooperative, Inc., Bath, South Dakota, in response to the November 20, 2012, Federal Register Notice concerning the draft recommendations of the Western/DOE Joint Outreach Team (JOT).

Northern Electric is a preference customer as defined by federal law. Northern Electric is owned by and provides electrical distribution service to more than 5,900 member owners.

Northern Electric is a rural electric cooperative operating in accordance with the laws of the State of South Dakota. Northern Electric serves an area about one hundred miles long and forty miles wide.

Northern Electric's long-standing operational and working relationship with Western has been foundational to our ability to provide affordable and reliable wholesale power during our sixty-five years of operation. We provide retail electric service to end consumers in very rural

areas. The number of retail customers served per mile of line by Northern Electric is about two members per mile. Without access, at cost, to federal resources which are parts of the Pick Sloan Missouri Basin program, our ability to continue to provide reliable and affordable wholesale power supply will be compromised.

We note with deep concern JOT recommendations to define the 'commercial value' of parts of the federal system be initiated. This strikes us as a first step toward pursuing the sale of federal assets which by law are to be available for preference customers. We will strongly resist such an effort and urge this course of action be removed from consideration.

At a minimum, the JOT recommendations must contribute to improving and building on the proven record of Western and other PMAs who primarily serve non-profit utilities based on long-standing federal law. The outcome of the JOT recommendations should not and must not compromise the reliability, increase the costs, or seek to redefine the legal standing of Western. Doing so will have a direct effect on the millions of consumers who are served by non-profit preference customers, including Northern Electric and its member owners.

Along with those observations, we offer the following comments:

1. Work in Progress: The recommendations of JOT have been or are being studied by Western. Thus each recommendation by the JOT should have a brief description of the previous or on-going work already completed.
2. Collaboration: Following the ill-conceived Memorandum from Secretary Chu on March 16, 2012, the public process, of which Northern Electric participated, conducted during the summer of 2012 was poorly organized and didn't result in DOE's intention. Any further

elaboration of these recommendations should be with the collaboration of Western and its customers.

3. Budgetary Challenges: The JOT costly recommendations will shift substantial Western staff time away from Western's ability to meet core mission responsibilities. We concur with others, that cost and staffing estimates be prepared and a clear description of where these revenues will be secured to conduct this work.
4. Legal Authority: Many of the JOT recommendations conflict with federal law. We suggest Western conduct a legal review of the authority to implement these recommendations and make public the legal analysis.
5. Respecting Regional Differences: Western must define how consolidation and standardization can conform to the regional differences which currently exist among Western's projects.
6. Respect for Core Mission: The JOT recommendations don't appear to follow Western's mission to market and deliver federal hydro-power to preference customers at the lowest possible rate consistent with sound business practices.
7. Energy Planning and Management: Northern Electric has actively participated in this process through its power supplier, East River Electric.

The JOT should look at the letters and discussions it received concerning Secretary Chu's memo and work to find ways to enhance the collaboration the PMAs have had working successfully with preference customers.

Sincerely,

Jim Moore GM\CEO
Northern Electric Cooperative
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